



**Director of
Central
Intelligence**

Top Secret

OCO
CABLE
Ed,

25X1

National Intelligence Daily (Cable)

9 April 1982

Top Secret

CPAS NIDC 82-083C

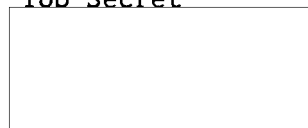
9 April 1982

Copy **402**

25X1

Page Denied

Top Secret



25X1

Contents

Argentina-UK: *Continued Tensions* i



25X1

Western Europe - El Salvador: *Advocating Negotiations* . . . 2

Poland: *Glomp Seeks Dialogue* 3



25X1

Syria-Iraq: *Border Closing* 5



25X1

North Yemen - USSR: *Soviet Military Assistance* 7



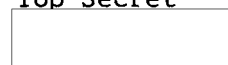
25X1

Special Analysis

Eastern Caribbean: *Potential for Instability* 8



Top Secret



25X1

25X1

Top Secret

25X1

ARGENTINA-UK: Continued Tensions

Buenos Aires and London have welcomed Secretary of State Haig's diplomatic initiative, but Argentine President Galtieri has stated that a British blockade of the Falklands would mean war.

25X1

25X1

//Both the Argentine and British Governments publicly welcomed Haig's mission, but Prime Minister Thatcher explicitly declined to use the term "mediator" for his role. She reiterated that Argentine forces must evacuate the islands before negotiations can begin.

DIA

25X1

high-level Navy officials are not pleased with the Secretary's visit, expecting him only to present the British position.//

25X1

Comment: //Thatcher's reaction reveals both her own hardline views and the extent to which she remains vulnerable to criticism from her party's right wing. Senior Argentine naval officers are notoriously hard line, and their unhappiness probably does not reflect general government views.//

25X1

British Political Developments

//Parliament has adjourned for the Easter holiday, giving the government a respite for a few days from backbenchers' public criticism.//

25X1

Comment: //Foreign Secretary Pym's good reputation and Defense Minister Nott's announcement of the 200-mile "military exclusion zone" around the island's have mollified many critics. The government, however, will have to go to great lengths to lend credibility to its announced inquiry into the Foreign Office's handling of the situation in the preinvasion period.//

25X1

Support for the UK

//The list of countries embargoing arms sales to Argentina now includes West Germany, France, Belgium, the Netherlands, Italy, Sweden, Switzerland, and Austria. Australia has banned imports from Argentina, while Japan has so far resisted both sides' overtures.//

25X1

--continued

Top Secret

25X1

25X1

Top Secret

//EC officials meet again today to discuss joint sanctions. Despite British pressure, most EC members are reluctant to adopt the comprehensive sanctions the UK wants.//

Comment: //The arms embargoes already announced amount to over 75 percent of Argentina's normal supplies. Most of the UK's EC partners hope a resolution of the crisis will make additional sanctions unnecessary, but the UK probably will continue to seek such support.//

Argentine Military Preparations

Galtieri yesterday continued to place Argentina on a war footing and said that if a British blockade interrupts resupply efforts "we will go to war."

Comment: Galtieri could be trying to force the British to negotiate rather than face a declared war, but his statement further limits his ability to accept a compromise without appearing weak. Despite their buildup on the Falklands, short supply lines, and mainland airbases, the Argentines recognize their serious military deficiencies. If the UK attempts to retake the Falklands, however, the Argentines almost certainly will resist.

--continued

Top Secret

Top Secret

25X1

Argentine Economic Measures

The economic reprisals announced on Monday by Argentina--a freeze on British assets and restrictions on foreign purchases--will have little immediate impact on either the British or the Argentine economies. The restrictions on foreign exchange affect only \$550 million in two-way trade, less than 3 percent of Argentina's total and an even smaller percentage of UK trade. Buenos Aires, nevertheless, is concerned that it may be unable to meet service payments on debts to British banks--which syndicate 50 percent of Argentina's external credit--but UK banks apparently are reluctant to declare Argentina in default.

25X1

Soviet-Argentine Activity

//Argentina has agreed to purchase \$500 million worth of oil equipment from the USSR over the next three years and has agreed to extend its arrangement with Moscow to purchase machinery on credit. The agreement ended the scheduled week-long Soviet-Argentine Mixed Economic Commission talks which began before the invasion. The Soviet trade imbalance with Argentina totals about \$2 billion, and Moscow has sought to reduce its debt.//

25X1

--continued

Top Secret

25X1

Page Denied

Next 1 Page(s) In Document Denied

Top Secret

25X1

WESTERN EUROPE - EL SALVADOR: Advocating Negotiations

//Most of the major West European political parties believe that the election in El Salvador has worsened prospects for an acceptable resolution of the conflict there, and they are encouraging a negotiated settlement.//

25X1

//Many parties have supported Mexican President Lopez Portillo's ideas for achieving a comprehensive settlement. Now that the Mexican initiative and other Latin American suggestions appear to have stalled, however, various groups are suggesting ways of using basically the same principles under different sponsorship.//

25X1

25X1

Top Secret

25X1

Top Secret

25X1

POLAND: Glemp Seeks Dialogue

The Church is making new efforts to edge the regime toward a more conciliatory policy but is not optimistic about any quick results. [REDACTED]

25X1

Archbishop Glemp told the US Ambassador on Monday that the Church was planning to release a document later this week for the "guidance of society" to help stimulate renewed dialogue with the authorities. Glemp fears, however, that some may reject the document, and he plans to follow up by meeting with Premier Jaruzelski soon after Easter. [REDACTED]

25X1

The Archbishop stated that the government's failure to be more responsive to the interests of the people reflects in part Jaruzelski's willingness to listen to hardline advisers who argue that the regime can win by using coercion. Glemp also said the leadership is avoiding difficult decisions while awaiting the outcome of the repercussions of President Brezhnev's illness. [REDACTED]

25X1

Glemp added that the government opposes the Pope's planned visit to Poland in August and indicated that the visit probably would be postponed if there is no serious Church-State dialogue. He gave no hint that he expects major unrest this spring and appeared resigned to the fact that Poland faces a long and difficult road to economic recovery. [REDACTED]

25X1

Comment: This assessment by the Archbishop differs substantially from the pessimistic analysis he offered the Ambassador in late January. Although it clearly is not optimistic, the current evaluation reflects Glemp's belief that the Church will have to play its traditional conciliatory role despite the existing political stalemate. [REDACTED]

25X1

Top Secret

25X1

Page Denied

Top Secret

25X1

SYRIA-IRAQ: Border Closing

Syria announced yesterday it was closing its border with Iraq, because it said the Baghdad Government had been sending saboteurs and weapons into Syrian territory. Trains may continue to cross the border for one week, and residents of either nation now stranded on the wrong side have until tomorrow to return to their own countries. There are no indications of major troop movements toward the border by either country.

25X1

Comment: Syria's already poor relations with Iraq have deteriorated since Damascus accused Baghdad of fomenting the uprising in Hamah in February. Baghdad probably fears that the border closing yesterday could lead to a shutdown by Damascus of Iraq's oil pipeline through Syria. The Syrians currently obtain 100,000 barrels per day from the pipeline, but Iran recently agreed to supply Syria with nearly twice that amount.

25X1

Top Secret

25X1

Page Denied

Top Secret

25X1

NORTH YEMEN - USSR: Soviet Military Assistance

//North Yemeni Prime Minister Iryani informed the US Ambassador on Monday that Sanaa will send more military personnel to the USSR to train on advanced weapons, including surface-to-surface missiles. President Salih requested such weaponry during his visit to Moscow last October, and discussions on the terms of purchase continue. About 1,500 North Yemenis are studying in Soviet military academies, and 500 to 700 Soviet advisers are assisting North Yemeni forces.//

25X1

Comment: Salih probably wants to maintain a balance between the Saudis, who he depends upon for financial assistance, and the Soviets, who he relies upon for weaponry, spare parts, and ammunition. He also may hope that his willingness to increase military ties with the Soviets will encourage them to mediate a reduction in South Yemeni support for insurgents of the National Democratic Front. Salih, however, is risking the possibility that the Saudis may reverse their recent decision to increase support for his regime. He assured Riyadh after his visit to Moscow that he had not discussed arms purchases there.

25X1

25X1

Top Secret

25X1

Top Secret

25X1

SPECIAL ANALYSIS

EASTERN CARIBBEAN: Potential for Instability

25X1

//The resiliency of democratic traditions among the small states of the eastern Caribbean--demonstrated repeatedly in elections over the past several years--has at least temporarily halted a drift toward radicalism. Nevertheless, economic deterioration remains an underlying threat to political stability, particularly among the growing ranks of unemployed and alienated youth who comprise a large segment of the population.//

25X1

//Seven former British colonies in the region have achieved statehood since 1960, bringing the total of independent Caribbean countries to 15. Economic and political dislocations occasioned by the British withdrawal have weakened security prospects for the region. Most of the islands look to Washington to fill the gap and welcome the potential economic and security gains offered by the Caribbean Basin Initiative.//

25X1

//Since the late 1970s, the English-speaking islands have been especially hard hit by the international economic slowdown. Export earnings have been hurt by declining commodity prices, while high oil prices have pushed up import costs. Foreign investment has stagnated, unemployment has climbed steadily, and increased middle class emigration has siphoned off managerial and technical skills.//

25X1

The Windward Islands

//The more stable and prosperous islands, such as Trinidad and Tobago and Barbados, began to suffer economically last year. Until recently, Trinidad and Tobago's oil wealth enabled it to play an important role in the eastern Caribbean as an aid donor, but this will be limited in the future.//

25X1

--continued

Top Secret

25X1

Top Secret
[redacted]

25X1

//Barbados is exceptionally well managed by West Indian standards, and the framework underlying the economy is well developed, but it has fallen on hard times because of lower revenues from sugar and tourism. Faced with the highest budget deficit since Barbados became independent in 1966, Prime Minister Adams has cut expenditures and raised taxes. The recession has added to labor unrest.// [redacted]

25X1

//The poorer islands not only are more vulnerable to adverse foreign economic developments but have had to contend with a series of natural disasters. Dominica is still struggling to recover from hurricanes in 1979 and 1980 that nearly destroyed its banana industry, a main source of foreign exchange. Prime Minister Charlès, a staunch supporter of US policies, has been a target of several conspiracies to overthrow her government.// [redacted]

25X1

//St. Vincent has recuperated from earlier volcano and hurricane damage, but, with unemployment near 40 percent, the government of Prime Minister Cato is the target of constant criticism by the island's emerging leftist movement. Allegations of government corruption and ineptitude also have appeal among youthful dissidents in the northern Grenadines, which belong to St. Vincent. The weakness of the opposition parties has strengthened the radicals, who are receiving encouragement from the pro-Cuban government of Prime Minister Bishop on nearby Grenada.// [redacted]

25X1

//St. Lucia's weak political institutions would be vulnerable to unrest because of high unemployment. Moderate former Prime Minister Compton is the front-runner in elections scheduled for May, but coup rumors featuring leftist George Odlum are creating anxiety, and police officials fear an outbreak of violence. Odlum's contacts with radicals in Martinique, Antigua, and Grenada, as well as his known Libyan connections, have added to the concern, but St. Lucians probably would resist any attempt to seize power illegally.// [redacted]

25X1

--continued

Top Secret
[redacted]

25X1

Top Secret

25X1

The Leeward Islands

//Antigua-Barbuda and St. Christopher-Nevis have somewhat healthier economic situations, but unemployment of nearly 20 percent is a source of discontent. Divisions within the government of Prime Minister Bird on Antigua and the recent fragmentation of the opposition are encouraging the small but articulate leftist movement.//

25X1

//Premier Simmonds of St. Christopher-Nevis, which enjoys complete autonomy as a dependency of the UK, has the support of the majority. Opposition from the socialist-inclined Labor Party is weak, although an eventual decision to advance toward independence probably would lead to friction, particularly over the thorny issue of autonomy for Nevis.//

25X1

Prospects

//The security establishments on these islands are small and weak. Leftist radicals, impatient with the pace of change and opposed to the parliamentary system, remain a threat.//

25X1

//Many leftist leaders, who distrust US intentions, look to Grenada and to Cuba for advice and material support. Grenada will continue to help coordinate support for their activities and publish and broadcast their propaganda.//

25X1

//The radicals, however, probably will be kept in check for now by most political parties, by the private sector and the press, and by religious and labor groups. In addition, the Caribbean Basin Initiative is likely to undercut the plausibility of radical claims that Washington is insensitive to regional needs. Havana and its allies nonetheless will continue to take advantage of deep-seated economic problems in the new island countries to promote leftist activities there.//

25X1

Top Secret

25X1

Top Secret

25X1

Top Secret